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FISCAL IMPACT REPORT

SPONSOR Cervantes **ORIGINAL DATE** 02/18/11 **LAST UPDATED** 03/15/11 **HB** 312/aSCORC
SHORT TITLE Homestead Exemption Increase **SB** _____
ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of SCORC Amendment

Senate Corporations and Transportation Committee Amendment to House Bill 312 reduces the proposed \$120,000 homestead exemption to \$75,000, which is a modest increase from the current \$60,000 homestead exemption per individual.

Synopsis of Original Bill

House Bill 312 amends NMSA 1978, § 42-10-9 to increase the amount of homestead exemption from sixty thousand dollars (\$60,000) to one hundred twenty thousand dollars (\$120,000).

FISCAL IMPLICATIONS

This bill does not affect property tax assessment and subsequent revenue collected by the state.

If an increased homestead exemption makes it more difficult for creditors to collect money owed, it may take more judicial resources to cope with motions to enforce judgments.

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to any changes in the enforcement of this law as a result of the amendments, and subsequent

commenced prosecutions. Amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

SIGNIFICANT ISSUES

The homestead exemption was last revised for FY08 when it was increased from thirty thousand dollars (\$30,000) to sixty thousand dollars (\$60,000).

PERFORMANCE IMPLICATIONS

Homestead exemption is a legal regime designed to protect the value of the home of a resident from property taxes, creditors, and circumstances arising from the death of the homeowner spouse.

ADMINISTRATIVE IMPLICATIONS

It is unknown if this measure will result in additional pressure on judicial resources.

POSSIBLE QUESTIONS

The homestead exemption will remain at \$60,000 per person.

AHO:LG/mew